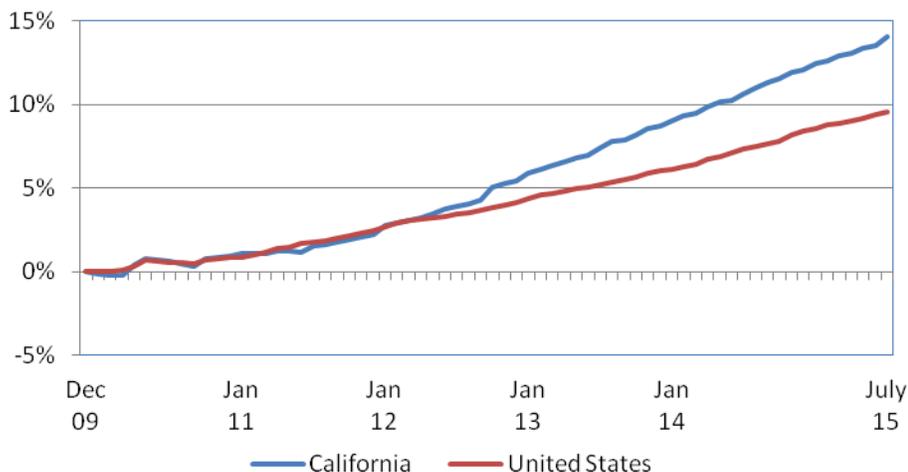


The July Jobs Report—Strong Job Growth, Good Industry and Geographical Strength

California added 80,700 jobs in June and a total of 494,300 (+3.2%) for the past 12 months. Since the recession ended, California job levels have grown by 14.1% (2.0 million) compared to the nation's 9.5% job recovery.

Job Growth Dec 2009--July 2015



The strong jobs recovery has brought people back into the workforce while simultaneously reducing the number of unemployed residents. The June unemployment rate fell to 6.2%, still higher than the U.S. rate of 5.3%. At the same time the number of people in the workforce but unemployed fell by 217,700 to the lowest level since March 2008. Steady job growth has cut the unemployment rate nearly in half from the high of 12.2%.

California Workforce Trends

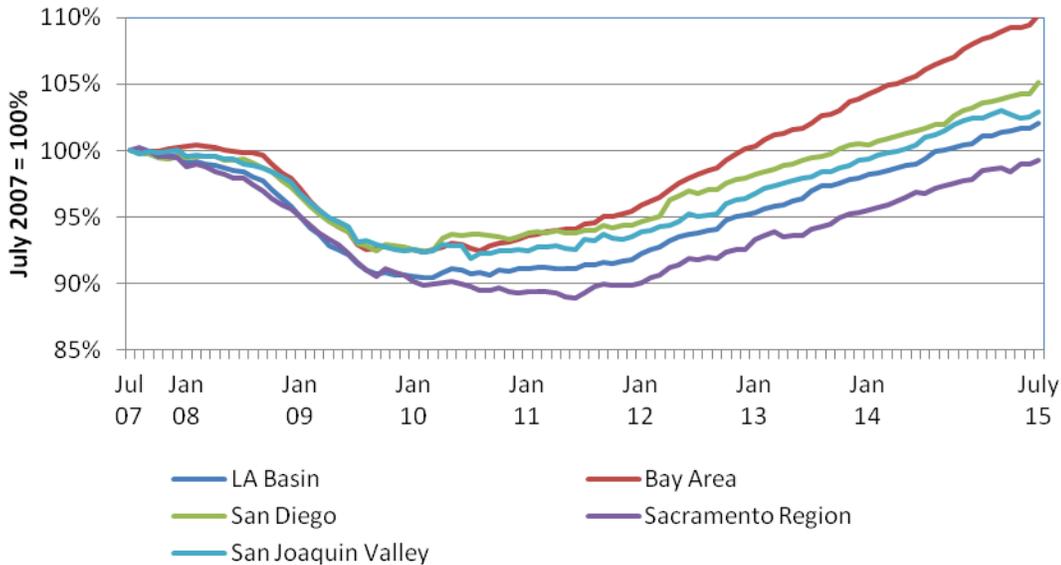
	July 14	July 15	Change
Labor Force	18,802,900	19,039,700	236,800
Employment	17,406,400	17,860,900	454,500
Unemployment	1,396,500	1,178,800	-217,700
Unemployment Rate	7.4%	6.2%	-1.2%

Source: California Employment Development Department

All regions of the state except the Sacramento region, which will be there soon, have regained all the jobs lost during the recovery and moved into positive territory. Bay Area job levels are now 10.2% above pre-recession peaks and San Diego County has a 5.2% gain. Southern California job levels are 2.1% above

pre-recession levels and rising at more than 200,000 jobs a year. The San Joaquin Valley, despite the drought, has also surpassed pre-recession job levels.

Job Trends: A Regional Perspective



The industry pattern of state job growth **was very strong in July** and remains positive for future growth. Construction was the state’s fastest growing sector for the past 12 months with a 7.3% increase including 3,000 jobs in July. Next was Professional and Business Services with a 6.4% increase including 22,500 in July. Government jobs are growing again (+1.1%) as teachers and police are being rehired from the growing local revenues.

Manufacturing (+4,500) and Financial Activities (+5,100) has strong July job gains.

These trends indicate that middle and high wage jobs are now fully benefiting from the recovery. Policies that promote housing and infrastructure investment will further strengthen the long sought after recovery in middle wage jobs.

More local areas are benefiting from the continuing job growth. The Sacramento region is plus 27,700 jobs for a 3% gain in the past 12 months. The Los Angeles County area has added 107,900 jobs (+2.6%) during this period. Orange County has added 50,000 for a 3.3% 12 month gain. The Inland Empire added 46,900 jobs for a 3.6% increase—all areas well above the 2.1% national job gain.

Many challenges remain. The state faces a housing shortage and rent and home price increases that far outpace income growth. There are signs of increased plans to build new housing but they are still below the level needed to match current population growth much less to reduce the existing shortages.

While recent growth has added to middle and high wage jobs, jobs in low wage sectors continue to grow and real wages are below 2007 levels in many occupations.

Infrastructure needs in transportation, water and other areas remain far above current funding levels. Additional housing and infrastructure construction are the most immediate and effective ways to increase middle wage jobs.

State and local revenues are growing and this year's state budget allocated substantial additional funding for education. Still, the growth of retirement benefits for public employees remains a challenge for finding shared responsibility solutions.

The future of California depends on our children, their education and opportunities. The state budget has made progress in funding education with an emphasis on at risk students and the state is exploring ways to reduce the cost of higher education. But these children's success will determine our future and we need to keep them uppermost in our minds.

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